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EXAMINER
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SHERR, CRISTINA O

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BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

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*Ex parte* SATORU SAWADA and HIROKAZU YASUMURO

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Appeal 2009-003101  
Application 09/457,842  
Technology Center 3600

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Decided: January 27, 2010

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*Before* HUBERT C. LORIN, JOSEPH A. FISCHETTI, and  
STEPHEN WALSH, *Administrative Patent Judges*.

LORIN, *Administrative Patent Judge*.

DECISION ON APPEAL

## STATEMENT OF THE CASE

Satoru Sawada, et al. (Appellants) seek our review under 35 U.S.C. § 134 (2002) of the final rejection of claims 1, 3-8, 10-16, and 21-25. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

## SUMMARY OF DECISION

We AFFIRM.<sup>1</sup>

## THE INVENTION

This invention is a system and method that is capable of charging a user for use of digital content by using a smart card. Specification 3:29 – 4:3.

Claim 1, reproduced below, is illustrative of the subject matter on appeal.

1. A data charging system for charging for the use of object data, the system comprising:
  - a server machine for generating contents containing a plurality of types of object data,
  - an IC card including a recording medium for recording (i) charging data for paying for said object data and (ii) recognition data for identifying the type of the object data, and
  - a client machines for receiving said contents generated by the server machine,

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<sup>1</sup> Our decision will make reference to the Appellants' Appeal Brief ("App. Br.," filed Mar. 5, 2008) and Reply Brief ("Reply Br.," filed Aug. 25, 2008), and the Examiner's Answer ("Answer," mailed Jun. 25, 2008).

the client machine including a data charging apparatus for using said IC card to charge for the use of said object data by using said charging data and said recognition data that have been recorded on said IC card;

wherein said data charging apparatus comprises:

data reading logic for reading out said recognition data and said charging data from said recording medium,

a separator for separating said object data from said contents,

a recognition logic for identifying the specific type of said separated object data by using said recognition data,

an accounting logic for dynamically charging for the use of said separated object data, based on the type of data said separated object data is, as determined by using said recognition data, and by using said charging data which has been read out from the recording medium, and

a writing logic for writing, as part of said charging data in the recording medium, the results of charging for the use of said separated object data.

### THE REJECTION

The Examiner relies upon the following as evidence of unpatentability:

Iida

US 6,209,787 B1

Apr. 3, 2001

The following rejection is before us for review:

1. Claims 1, 3-8, 10-16, and 21-25 are rejected under 35 U.S.C. §103(a) as being unpatentable over Iida.

## ARGUMENTS

The independent claims 1, 3, 10, and 13 all require an IC card including a recording medium for recording (i) charging data for paying for the object data and (ii) recognition data for identifying the type of the object data.

The Examiner argued that this limitation is disclosed at col. 2, ll. 40-50 of Iida and also quoted Iida as stating “member card can be automatically manufactured based on anything which can verify the customer’s identification, such as the customer’s driver’s license or bank card” (col. 10, ll. 33-36). Answer 3 and 12, respectively. According to the Examiner, based on the latter quote:

[it would have been] obvious to one of ordinary skill in the art that a member card (which is the equivalent of an IC card) when based on a bank card would include a recording medium (i) charging data for paying for the object data and (ii) recognition data for identifying the type of the object data and determining the charge for the object data sent to the client machine.

Answer 12.

The Appellants argued that Iida fails to teach or suggest an IC card as claimed in the Iida passages cited by the Examiner. App. Br. 10 and Reply Br. 4.

Next, the Appellants argue that column 5, lines 45-50 of Iida, cited by the Examiner, does not teach the claimed recognition logic for identifying the specific type of separate object data using the recognition data. App. Br.

11. The Examiner responds by citing column 5, lines 25-30 which describes a musical composition information storing unit, which includes information concerning a musical composition list, musical composition data, an index, and copyright. Answer 12-13.

Finally, the Appellants also argue that column, 5, lines 60-65 of Iida, cited by the Examiner, does not teach the claimed accounting logic for dynamically charging for the use of separated object data based on the type of separated object data, as determined by the recognition data, and using the charging data read from the recording medium. App. Br. 11-12. The Examiner does not respond to this Argument. See Answer 11-13.

### ISSUES

The issue is whether the Appellants have shown that the Examiner erred in rejecting claims 1, 3-8, 10-16, and 21-25 under 35 U.S.C. § 103(a) as unpatentable over Iida. Specifically, the major issue is whether Iida discloses an IC card including a recording medium for recording (i) charging data for paying for the object data; and (ii) recognition data for identifying the type of the object data.

### FINDINGS OF FACT

We find that the following enumerated findings of fact (FF) are supported by at least a preponderance of the evidence. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Office).

1. The Specification does not contain an express definition of “type.”
2. A definition of “type” is “one having qualities of a higher category.” *See Merriam-Webster’s Collegiate Dictionary* 1278 (10<sup>th</sup> Ed. 1998.) (Second entry for “type.”)
3. Iida describes a system for purchasing a personal recording media, such as a CD. Col. 1, ll. 10-15.
4. Iida describes a fifth embodiment (col. 38, l. 8 – col.57, l. 7 and fig. 39) which includes a user storing music codes on the memory of an IC card 5000. Col. 38, lines 13-21.
5. Iida describes that the user taking the IC card with the music codes to a store kiosk to create the personal recording media. Col. 38, ll. 26-32.
6. Iida describes the store kiosk as having a MD production application accepting system (AAS), which includes a monitor, an IC card reader, a controller for controlling the information of the music codes read from the IC card, and a communication system. Col. 39, ll. 40-48.
7. Iida describes the store kiosk displaying a list of the musical compositions based on the music codes. Col. 42, ll. 50-54.
8. Iida describes that the store kiosk communicates with the host computer of a back-channel company (col. 39, ll. 49-52), which produces the personal recording media (col. 46, ll. 41-56).
9. Iida describes the store kiosk transmitting the music codes to the host computer of the back-channel company. Col. 46, ll. 13-21.
10. Iida describes the host computer of the back-channel company using the music codes to select the corresponding musical

composition from the musical composition data database. Col. 46, ll. 45-55.

11. Iida describes the host computer using the music codes to retrieve information from the musical composition list database and the copyright database to carry out a copyright process. Col. 46, ll. 31-35.
12. Iida describes calculating an accounting and royalty which is sent to the store kiosk. *See* col. 52, ll. 54-67.
13. Iida describes the monitor of the kiosk displaying the cost of the personal recording media. Col. 45, ll. 60-62.
14. Iida describes a payment step and states:

[i]n this embodiment, it is adapted to implement a bank withdrawal automatically with an IC card type-electronic money. As shown in FIG. 49, from the memory of the IC card 5000, the credit information is read by the IC card-reader, and the signal including the credit information is transmitted to the host-computer 5302 . . .

Col. 45, l. 63 – col. 46, l. 2.

## PRINCIPLES OF LAW

### *Obviousness*

Section 103 forbids issuance of a patent when ‘the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been



obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.

*KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, and (3) the level of skill in the art. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 550 U.S. at 407 (“While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.”) The Court in *Graham* further noted that evidence of secondary considerations “might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.” *Graham*, 383 U.S. at 17-18.

#### ANALYSIS

*The rejection of claims 1, 3-8, 10-16, and 21-25 under §103(a) as being unpatentable over Iida.*

The Appellants argue claims 1, 3-8, 10-16, and 21-25 as a group (App. Br. 6-12). We select claim 1 as the representative claim for this group, and the remaining claims 3-8, 10-16, and 21-25 stand or fall with claim 1. 37 C.F.R. § 41.37(c)(1)(vii) (2009).

We find that, contrary to the Appellants’ argument above, Iida does teach an IC card including a recording medium for recording (i) charging data for paying for the object data and (ii) recognition data for identifying the type of object data. Though not specifically cited by the Examiner, in

the fifth and sixth embodiments, Iida describes an IC card having a memory, which stores credit information and music codes. *See* FF 4 and 14.

Iida describes reading credit information from the IC card during a step of paying for the personal recording media. FF 14. Since the credit information is read from the IC card, the memory of the IC card must store the credit information. We find that this teaches the claimed IC card that includes a recording medium recording charging data for paying for the object data.

Iida also describes that the IC card stores music codes. FF 4. We find that the music codes teach the claimed recognition data for identifying the type of object data. We note that this is consistent with the Specification which states “[t]he recognition data, for example, is an identifier unique to each data program (object data) to be charged for, and corresponds to the above-mentioned recognition data added to data programs by the content generator.” Specification 11:22-25. Therefore, we find that Iida teaches the claimed IC card that includes a recording medium for recording recognition data for identifying the type of object data.

Accordingly, we find that Iida teaches the claimed IC card having both charging data and recognition data as claimed.

Next, we find that Iida describes a data charging apparatus that includes recognition logic for identifying the specific type of separate object data by using said recognition data. First, we note that the Specification does not contain an express definition of “type.” FF 1. We give “type” the broadest reasonable meaning consistent with the specification and find “type” to mean “one having qualities of a higher category.” FF 2. Iida describes the store kiosk (i.e. data charging apparatus) using the music codes

to display a list of the musical compositions based on the music codes. FF 7. The list identifies the specific musical composition, which is one having qualities of a higher category – digital music content. Since the kiosk must include program logic to perform this step, we find that this teaches the claimed recognition logic for identifying the specific type of the separated object data by using said recognition data.

Finally, we find that Iida teaches that the data charging apparatus (i.e. kiosk) includes an accounting logic for dynamically charging for the use of the separated object data, based on the type of data said separate object data is, as determined by using the recognition data, and by using the charging data which has been read out from the recording medium. Iida teaches that the store kiosk displays the cost of the personal recording media (FF 13), and reads credit information from the IC card to send a signal to the back-channel company (FF 14). Since the kiosk must include program logic to perform these steps, we find that this teaches the claimed accounting logic for dynamically charging for the use of the separated object data by using the charging data which has been read out from the recording medium.

Further, Iida implies that the charge is calculated based on the copyright information for the specific musical composition. Iida describes the host computer using the music codes to retrieve information from the musical composition list database and the copyright database to carry out a copyright process. *See* FF 9-11. Iida also describes calculating an accounting and royalty which is sent back to the store kiosk. FF 12. This implies that the cost of the personal recording medium is based on the calculated accounting and royalties for each of the specific musical compositions selected. From the above, we find that Iida teaches the

claimed limitation that the charge for use of the separated object data is based on the type of data said separate object data is.

Accordingly, we find that the Appellants have not shown that the Examiner erred in rejecting claim 1, 3, 10, and 13, and claims 2-8, 11, 12, 14-16, and 21-25, dependent thereon, under §103(a) as being unpatentable over Iida.

### CONCLUSIONS OF LAW

We conclude that the Appellants have not shown that the Examiner erred in rejecting claims 1, 3-8, 10-16, and 21-25 under 35 U.S.C. §103(a) as unpatentable over Iida.

### DECISION

The decision of the Examiner to reject claims 1, 3-8, 10-16, and 21-25 is affirmed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv) (2007).

### AFFIRMED

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